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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-52013

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/19 AND ENDING 12/31/2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Louis Capital Markets,LP**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

12 Rue Washington

(No. and Street)

Paris,

France

75008

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

J. Clarke Gray 917-238-1263

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mayer Hoffman McCann CPAs

(Name - if individual, state last, first, middle name)

1065 Ave of the Americas

New York,

New York

10018

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

MAR 02 2020

Washington, DC

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, J. Clarke Gray, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Louis Capital Markets, LP, as of December 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

MICAH TAYLOR
NOTARY PUBLIC-STATE OF NEW YORK
No. 02TA6125117
Qualified In New York County
My Commission Expires 12-15-2021

Micah Taylor
Notary Public

2/28/2020

J. Clarke Gray
Signature

CFO

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

LOUIS CAPITAL MARKETS, LP

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2019

**(PUBLIC PURSUANT TO RULE 17a-5(e)(3)
AND CFTC REGULATION 1.10)**

LOUIS CAPITAL MARKETS, LP

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
 Partners of Louis Capital Markets, LP

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Louis Capital Markets, LP (the “Partnership”) as of December 31, 2019, and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The financial statement is the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The computation of net capital, computation for determination of reserve requirements, information relating to the possession or control requirements, schedule of segregation requirements and funds in segregation for customers regulated commodity futures and options accounts and schedule of secured amounts and funds held in separate accounts for foreign futures and foreign options customers (together "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of the Partnership's financial statement. The supplemental information is the responsibility of the Partnership's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5 and Regulation 1.17 of the Commodity Futures Trading Commission. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statement as a whole.

A handwritten signature in black ink that reads "Mayer Hoffman McCann CPAs". The signature is written in a cursive, flowing style.

We have served as the Partnership's auditor since 2014.

February 28, 2020

LOUIS CAPITAL MARKETS, LP

STATEMENT OF FINANCIAL CONDITION (Amounts in Thousands)

December 31, 2019

ASSETS

Cash	\$	674
Receivables from clearing brokers		237
Commissions receivable		459
Due from affiliate		55
Other assets		<u>6</u>
	\$	<u>1,431</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities

Accounts payable and accrued expenses	\$	379
Due to affiliates		<u>119</u>
Total liabilities		<u>498</u>

Partners' capital		<u>933</u>
	\$	<u>1,431</u>

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

1. Nature of business

Nature of business

Louis Capital Markets, LP (the "Partnership") is a Delaware limited partnership and a majority-owned subsidiary of LCM Interest Holding LLC (the "Parent") also incorporated in Delaware. The Partnership is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Partnership is also a member of the National Futures Association (NFA) and an introducing broker registered with the Commodities Futures Trading Commission (CFTC). The Partnership commenced operations on December 31, 2003 when Louis Capital Markets, LLC contributed all of its net assets in exchange for its partners' interest in the Partnership.

The Partnership is engaged in selling corporate equity securities over-the-counter and executing listed option trades and commodity futures trades on an agency basis to institutional investors.

The Partnership, along with affiliates in London, Paris, Hong Kong and the US comprise the Louis Capital Markets Group (the "Group").

Liquidity

The Partnership has a service agreement in place with the overseas Group entities to facilitate the execution of Futures and Equity Options from US Customers. In addition the Parent entity has agreed to contribute enough capital, when necessary to maintain operations and fulfill net capital requirements.

2. Summary of significant accounting policies

Basis of Presentation

The Partnership prepares its accounts under accounting principles generally accepted in the United States of America ("GAAP").

Receivable from Clearing Brokers

The Partnership uses Goldman Sachs Execution and Clearing, L.P ("GSEC") which requires \$2,500 as a clearing deposit from all Group operations. The Partnership has a \$237 balance with GSEC at December 31, 2019.

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

2. Summary of significant accounting policies (continued)

Commissions Receivable

Commissions receivable represents balances due from brokers, dealers, banks and other financial and non-financial institutions for the execution of securities and other derivative brokerage transactions. The Partnership carries commission receivables from customers less an allowance for doubtful accounts. On a periodic basis, the Partnership evaluates its commission receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. In addition, if the Partnership is aware of a client's inability to meet its financial obligations, a specific provision is recorded in the amount of the estimated losses that will result from the inability of that client to meet its financial obligation. Accounts are written off as uncollectible at the discretion of management. As of December 31, 2019, the Partnership determined that no allowance for doubtful accounts was necessary.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the year end exchange rates. Transactions denominated in foreign currencies including income and expenses, are translated into United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are immaterial.

Income Taxes

The Partnership is not a taxable entity for U.S. federal and state income tax purposes, and does not directly pay federal and state income tax. The Partnership's taxable income or loss passes through to, and is includable in the federal and state income tax returns of each partner. Although no provision for federal or state income taxes has been made in the accompanying financial statements, the Partnership is subject to New York City unincorporated business tax and has recorded no provision for 2019.

There are no unrecognized tax benefits recorded in the accompanying financial statements in connection with the tax positions taken by the Partnership.

The Partnership's U.S. federal and state and local tax returns filed from 2016 through 2018 remain open for examination by these tax authorities and the associated taxes, if applicable, remain subject to examination based on the varying statutes of limitations.

Revenue Recognition

The Partnership's services that fall within the scope of Financial Accounting Standards Board Accounting Standards Codification Topic 606 *Revenue from Contracts with Customers* include agency commissions and management fee income.

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

2. Summary of significant accounting policies (continued)

Agency Commissions

The Partnership charges commissions for executing transactions between buyers and sellers. Agency commissions revenues and related expenses are recognized on a trade date basis and are presented net of discounts and are recognized at the time of the transaction. The Partnership believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer. The Partnership invoices customers on a monthly basis and the payment is due within 30 days.

Management Fee

The Partnership provides trade facilitation services to its UK Affiliate (see note 4) on a daily basis. The Partnership believes the performance obligation for providing trade facilitation services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Partnership. Fee arrangements are based on a percentage applied to the UK affiliate's net commission income. Fees are billed monthly and are recognized as revenue at that time as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods. The balance with the affiliate is settled on a monthly basis.

The Partnership does not have significant contract assets or liabilities at December 31, 2019. There are no unsatisfied performance obligations at December 31, 2019.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Net capital requirement

The Partnership is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or dividends paid if the resulting net capital ratio would exceed 10 to 1. The Partnership is also subject to the CFTC's minimum financial requirements which require that the Partnership maintain net capital, as defined for securities brokers and dealers, equal to or in excess of the greater of \$45 or the amount of net capital required by the SEC Rule 15c3-1. At December 31, 2019, the Partnership's net capital was approximately \$413 which was approximately \$163 above its minimum requirement of \$250. The Partnership's ratio of aggregate indebtedness to net capital was 1.2 to 1.

Proprietary accounts held at the clearing broker ("PAIB Assets") are considered allowable assets in the net capital computation pursuant to an agreement between the Partnership and the clearing broker which requires, among other things, the clearing broker to perform a computation for PAIB Assets similar to the customer reserve computation set forth in Rule 15c3-3 under the Securities Exchange Act of 1934.

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

4. Related Party Transactions

In 2018, the Partnership entered into a Expense Services Agreement with an affiliate located in London, UK and Paris, France. As of December 31, 2019, the Partnership was owed approximately \$55 from this affiliate.

The Partnership has intercompany balances with LCM Commodities LLC and Spectra FX Solutions LLC, U.S. affiliates. At December 31, 2019, there is \$13 due to these affiliates for invoices paid on Partnership's behalf.

At December 31, 2019, the Partnership has \$106 due to LCM Interest Holding for operating advances.

SEC Rule 15a-6 Transactions

The Partnership acts as chaperoning broker with respect to trades between certain foreign affiliates and their US clients in accordance with SEC Rule 15a-6. In this capacity, the Partnership may be exposed to the risk of the foreign affiliates' non-performance. This risk is considered to be remote.

5. Concentrations of credit risk

Market Risk

Pursuant to its clearance agreements, the Partnership introduces all of its securities transactions to its clearing brokers on a fully-disclosed basis. Therefore, all of the money balances and long and short security positions are carried on the books of the clearing brokers. Under certain conditions, as defined in the clearance agreements, the Partnership has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Partnership. Although the right of the clearing brokers to charge the Partnership applies to all trades executed through the clearing brokers, the Partnership believes that there is no reasonable amount assignable to its obligations pursuant to this right as any such obligation would be based upon the future non-performance by one or more counterparties. Accordingly, at December 31, 2019, the Partnership has recorded no liabilities with respect to these obligations. In accordance with industry practice and regulatory requirements, the Partnership and the clearing brokers monitor collateral on the securities transactions introduced by the Partnership. In addition, the receivables from the clearing brokers are pursuant to these clearance agreements, the Group must maintain certain minimum collateral balances in cash and securities at all times with the clearing brokers.

In the normal course of business, the Partnership's customer activities involve the execution and settlement of securities transactions. These activities may expose the Partnership to market risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Partnership has to purchase or sell the financial instrument underlying the contract at a loss.

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

5. Concentrations of credit risk (continued)

Credit Risk

Credit risk arises from potential non-performance by counterparties from non-payment of commissions by customers of the Partnership's agency brokerage business. The Partnership also has credit and counterparty risk in certain situations where it provides execution services. The Partnership provides agency clearing services through its relationships with general clearing member firms and/or exchanges. In these instances, the Partnership's accounts at such institutions are used, in its name, to provide access to clearing services for its customers. Credit risk arises from the possibility that the Partnership may suffer losses due to the failure of its customers or other counterparties to satisfy their financial obligations to the Partnership or in a timely manner.

The Partnership has established policies and procedures to manage its exposure to credit risk. The Partnership maintains a thorough credit approval process to limit its exposure to counterparty risk and employ monitoring to control the market and counterparty risk. The Partnership's brokers may only execute transactions for clients that have been approved by the Partnership's management following review by the Partnership's management and compliance department. The Partnership's credit approval process includes verification of key financial information and operating data and anti-money laundering verification checks. The Partnership's credit review process may include consideration of independent credit agency reports and a visit to the entity's premises, if necessary.

The Partnership maintains its cash balance at one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250. Management regularly monitors the financial condition of this institution in order to keep the potential risk to a minimum.

6. Commitments and contingencies

Required Tax Distributions

As required by the limited partnership agreement, the Partnership is required to make tax distributions in an amount no less than an amount determined by multiplying the taxable net income of the Partnership by the highest combined applicable individual federal, state and local tax rates. For the year ended December 31, 2019, there were no tax distributions made on behalf of its partners.

Legal Proceedings

In the normal course of business, the Partnership has been in the past, named as defendant in various lawsuits and proceedings and is, and has been in the past, involved in certain regulatory examinations. Additional actions, investigations or proceedings may be brought from time to time in the future. The Partnership is subject to the possibility of losses from these various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of the loss can be reasonably estimated. The Partnership accrues a liability for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the reporting period.

LOUIS CAPITAL MARKETS, LP

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousands)

6. Commitments and contingencies (continued)

Risks and Uncertainties

The Partnership primarily generates its revenues by executing and facilitating transactions for counterparties. Revenues for these services are transaction based. As a result, the Partnership's revenues could vary based upon the transaction volume of securities and derivative markets.

In 2019 FINRA conducted a Sales Practice, Financial/Operational and Statutory Disqualification examination. The examination is ongoing and based on the currently available information, the Partnership does not believe there are material matters that will arise from the conclusion of the examination.

7. Subsequent events

On December 24, 2019 LCM Interest Holding LLC signed a share purchase agreement with a 3rd party for the sale of entities within the Group. The Partnership is within scope of the sale. The sale is subject to regulatory approval.

Subsequent to year end, the Partnership received a contribution of capital of \$100 from LCM Interest Holding.

LOUIS CAPITAL MARKETS, LP

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AND REGULATION 1.17 OF THE COMMODITY FUTURES TRADING COMMISSION

December 31, 2019

Net capital,		
Partners' capital	\$	933
Less nonallowable assets		
Commissions receivable		459
Due from affiliate		55
Other assets		6
		<u>520</u>
Net capital	\$	<u>413</u>
Aggregate indebtedness included in statement of financial condition	\$	498
Computed minimum net capital required (6.67% of aggregate indebtedness)	\$	<u>33</u>
Minimum net capital required (under SEC Rule 15c3-1)	\$	<u>250</u>
Minimum net capital requirement (under CFTC Regulation 1.17)	\$	<u>45</u>
Excess net capital (\$413 - \$250)	\$	<u>163</u>
Net Capital less 120% of minimum net capital requirement	\$	<u>113</u>
Ratio of aggregate indebtedness to net capital	$\frac{\$ 498}{\$ 413}$	<u>1.2</u>

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5 , Part II-A filing as of December 31, 2019.

LOUIS CAPITAL MARKETS, LP

SUPPLEMENTARY INFORMATION

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2019

The Company is exempt from Securities Exchange Commission ("SEC") Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(ii).

LOUIS CAPITAL MARKETS, LP

SUPPLEMENTARY INFORMATION INFORMATION RELATING TO POSSESSION AND CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2019

The Company is exempt from Securities Exchange Commission ("SEC") Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(ii).

LOUIS CAPITAL MARKETS, LP

SUPPLEMENTARY INFORMATION SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CUSTOMERS REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS

December 31, 2019

As the Company does not carry customer accounts for regulated commodity futures and options, it neither computes nor segregates funds pursuant to Section 1.10 under the Commodity Exchange Act.

LOUIS CAPITAL MARKETS, LP

SUPPLEMENTARY INFORMATION SCHEDULE OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS PURSUANT TO REGULATION 30.7 UNDER THE COMMODITY EXCHANGE ACT

December 31, 2019

As the Company does not carry customer accounts for foreign futures and foreign options, it neither computes nor segregates funds pursuant to Regulation 30.7 under the Commodity Exchange Act.